

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 EPG-02 SIL-01 OMB-01 (ISO) W

-----051426 230440Z /61

R 221723Z JUN 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3026

USDOC WASHDC

INFO AMCONSUL GUADALAJARA

AMCONSUL MONTERREY

LIMITED OFFICIAL USE MEXICO 10321

DEPARTMENT PASS EXIM FOR RENGERS

COMMERCE FOR HAIMES MEPD

E.O. 11652: N/A

TAGS: BENC, ECEM, MX

SUBJECT: GUANOMEX PHOSPHATE PROJECT

REF: MEXICO 3561

1. THE DECISION TO LOCATE THE GUANOMEX PHOSPHATE PROJECT AT THE LAZARO CARDENAS STEEL COMPLEX IN LAS TRUCHAS IS NOW OFFICIAL, AS GUAYMAS, SONORA WAS JUDGED TO BE TOO DEFICIENT IN INFRASTRUCTURE. THE CAPACITIES OF SOME OF THE UNITS HAVE BEEN CHANGED. BECAUSE OF THE CHANGED SPECIFICATIONS, GUANOMEX WILL DISCUSS POSSIBLE REBIDDING OF THE PROJECT WITH ENGINEERING FIRMS NEXT WEEK, BUT MAY SELECT ONE ON THE BASIS OF CURRENT PROPOSALS.

2. PROJECT COST IS NOW ESTIMATED AT \$110 MILLION WITH \$10 MILLION FOR ENGINEERING AND ADDITIONAL AMOUNTS FOR LIMITED OFFICIAL USE

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INFRASTRUCTURE. IBRD IS KNOWN TO BE CONSIDERING FINANCING \$50 MILLION, WITH FINAL APPROVAL NOW SCHEDULED FOR OCTOBER OR NOVEMBER. HOWEVER, GUANOMEX SOURCES FEEL THAT IBRD PARTICIPATION MAY BE HIGHER, AS IT IS EXPECTED TO FINANCE 40 PERCENT OF THE TOTAL COST, WITH NAFINSA (GOM DEVELOPMENT BANK) FINANCING 40 PERCENT AND GUANOMEX THE REMAINING 20 PERCENT OUT OF ITS OWN FUNDS.

3. ACCORDING TO ANDRES HERNANDEZ OF DAVY POWERGAS, DAVY IS THE ONLY U.S. FIRM BIDDING ON WHOLE PACKAGE ALTHOUGH GUANOMEX HAD INVITED SEVERAL OTHERS. FOSTER-WHEELER WAS DISQUALIFIED FOR IMPROPER SUBMISSION OF 2 PARTS, AND GULF DESIGN OF BADGER WAS ALSO DISQUALIFIED ON 3 OUT OF 4 PARTS, NOW BIDDING ONLY ON THE PHOSPHORIC ACID PLANT. A GUANOMEX SOURCE CONFIRMS HERNANDEZ INFORMATION. HERNANDEZ REPORTS THE MAJOR COMPETITION TO BE THE FRENCH WITH RHONE-POULENC TECHNOLOGY AND ADVANTAGEOUS FINANCING. GUANOMEX DIRECTOR GUTIERREZ MAY PREFER FRENCH OFFER, PARTLY BECAUSE OF HIS OWN TRAINING WITH RURAL CREDIT BANK IN FRANCE. HERNANDEZ SAYS THAT DAVY APPROACHED EXIM AND CHASE-MANHATTAN, BUT THAT FINANCING PACKAGE HAS NOT BEEN ARRANGED AND ITS LACK IS PLACING THE U. S. FIRM AT A DISADVANTAGE. THOMPSON

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PHOSPHATES, PROGRAMS (PROJECTS), MINING INDUSTRY  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Disposition Reason:**  
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**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 MEXICO 3561  
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**TAGS:** BENC, ECEM, EMIN, MX  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009